

Air New Zealand Limited

ARBN 000 312 685

Preliminary Final Report - 30 June 2007

Full year information given to the ASX under listing rule 4.3A

Appendix 4E

1 This report is for the full year ending 30 June 2007 and should be read in conjunction with the annual financial report.

Comparatives are in respect of the full year ending 30 June 2006.

2 Results for announcement to the market:

	Current Year	Up/(Down)	Previous Year
	\$NZ'm	%	\$NZ'm
2.1 Revenue from ordinary activities (including interest)	4,381	13%	3,879
2.2 Surplus from ordinary activities after taxation	214	123%	96
2.3 Net surplus attributable to members	214	123%	96

2.4 & 2.5 Dividends:

On 28 August 2007, the Board of directors declared a final dividend for the 2007 financial year of 5.0 cents per Ordinary Share, payable on 27 September 2007 to registered shareholders at 14 September 2007. The total dividend payable will be \$53 million. Imputation credits will be attached and supplementary dividends paid to non-resident shareholders. This dividend has not been recognised in the June 2007 financial statements.

An interim dividend of 3.0 cents per Ordinary Share and a special dividend of 10.0 cents per Ordinary Share were paid on 26 March 2007. Imputation credits were attached and supplementary dividends paid to non-resident shareholders. Under the dividend reinvestment plan, interim dividends payable of \$2 million were settled by the issue of 1,010,622 Ordinary Shares, at \$1.9916 per Ordinary Share. The dividend reinvestment plan did not apply to the special dividend declared.

A final dividend for the 2006 financial year of 2.5 cents per Ordinary Share was paid on 21 September 2006. Imputation credits were attached and supplementary dividends paid to non-resident shareholders. Under the dividend reinvestment plan, dividends payable of \$3 million were settled by the issue of 2,634,365 Ordinary Shares, at \$1.1201 per Ordinary Share. A coupon of \$1 million, equivalent to the dividend declared, was also paid on Convertible Notes and has been recognised as a component of interest expense.

3 Statement of Financial Performance, together with notes:

Refer to the Financial Statements.

4 Statement of Financial Position, together with notes:

Refer to the Financial Statements.

5 Statement of Cashflows, together with notes:

Refer to the Financial Statements.

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6 Dividends:

Details on the final dividend for the 2007 financial year are provided in section 2 above.

	\$NZ'm	NZ cents per share
Distributions recognised		
Interim dividend on Ordinary Shares	32	3.0
Special dividend on Ordinary Shares	105	10.0
Final dividend for 2006 financial year on Ordinary Shares	25	2.5
Distributions paid		
Interim dividend on Ordinary Shares	31	3.0
Special dividend on Ordinary Shares	107	10.0
Final dividend for 2006 financial year on Ordinary Shares	22	2.5

7 Dividend or Distribution reinvestment plans in operation:

A dividend reinvestment plan (the Plan) has been established which offers eligible shareholders the opportunity to increase their investment in the Company by applying dividends received on some or all of their existing Ordinary Shares to the acquisition of additional Ordinary Shares. All shareholders with registered addresses in New Zealand and Australia are entitled to participate in the Plan. The subscription price of Ordinary Shares issued under the Plan will be at a discount of 2.5 percent of the volume weighted average sale price of the Ordinary Shares on the NZSX and ASX over the first five trading days on which the Shares trade ex-entitlement on the NZSX. For participation in the Plan to be effective in relation to the final dividend which is proposed to be paid on 27 September 2007, a properly completed participation form must already be held, or will need to be received, by Computershare prior to 5.00 pm (NZ time) on 14 September 2007.

8 Statement of Movements in Retained Earnings:

Refer to the Statement of Movements in Equity contained in the Financial Statements.

9 Net tangible assets per security:

	Current Year NZ Cents Per Share	Previous Year NZ Cents Per Share
Ordinary Shares	166	159

10 Entities over which control has been gained or lost during the year: Nil

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11 Details of associates and joint ventures:

11.1 & 11.2	Name	% owned
	Christchurch Engine Centre	49%
	Travel Software Solutions Pty Limited	50%

11.3 Profit, by associate

Associate	Current Year \$NZ'm	Previous Year \$NZ'm
Christchurch Engine Centre	1	1
Travel Software Solutions Pty Limited	-	-
Total	1	1

12 Other significant information needed by an investor:

	Measurement	Current Year	Previous Year	% Change
Passengers Carried	000	12,480	11,892	5%
Revenue Passenger Kilometres	m	26,874	25,551	5%
Available Seat Kilometres	m	35,113	34,055	3%
Passenger Load Factor	%	76.5	75.0	1.5 % pts

13 Accounting standards:

This report has been compiled in accordance with New Zealand Financial Reporting Standards.

14 Commentary on the results of the year:

	Measurement	Current Year	Previous Year	
14.1	Basic earnings per share	NZ cents per share	20.9	9.6
14.1	Diluted earnings per share	NZ cents per share	20.5	9.4
14.2	Returns to shareholders (see also sections 2 and 6)			
	Interim dividend on Ordinary Shares	\$NZ'm	32	25
	Special dividend on Ordinary Shares	\$NZ'm	105	-
	Final dividend on Ordinary Shares*	\$NZ'm	25	25

* Reflects the final dividend for the 2005 and 2006 financial years. Details on the final dividend for the 2007 financial year are provided in the first paragraph of section 2 above.

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14.3 Significant features of operating performance:

Refer to the media release.

14.4 Segmental results:

Industry Segment

Air New Zealand operates predominantly in one industry segment, its primary business being the transportation of passengers and cargo on scheduled airline services.

Geographical segment

The Group's airline operations are scheduled services within, to or from New Zealand. An analysis of flight revenue by route area is provided below. The principal assets of the Group are located in New Zealand.

	Current Year \$NZ'm	Previous Year \$NZ'm
Analysis of revenue by route area		
New Zealand	1,117	975
Australia and Pacific Islands	1,015	932
Asia and Europe	655	491
North America and Europe	1,106	1,049
Total flight revenue	3,893	3,447
Contract services and other revenue	404	358
Total operating revenue	4,297	3,805

14.5 Discussion of trends in performance:

Refer to the media release.

14.6 Any other factors which have or are likely to affect the results, including those where the effect could not be quantified:

Refer to the media release.

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15 This report is based on accounts which have been audited. The audit opinion has been attached.

16 Audit: likely dispute or qualification: Nil.

17 Audit: dispute or qualification: Nil.

Directors' Declaration

By resolution of the board, the directors declare that:

- the financial statements together with the notes to the financial statements comply with New Zealand generally accepted accounting practice;
- the financial statements together with the notes to the financial statements give a true and fair view of the financial position and performance of Air New Zealand Limited and its controlled entities as at 30 June 2007, as represented by the results of their operations and their cash flows for the twelve months ended on that date.

In the directors' opinion, at the date of this declaration there are reasonable grounds to believe that Air New Zealand Limited will be able to pay its debts as and when they become due and payable.

Dated 28 August 2007

John Palmer

Chairman

Air New Zealand Limited

ARBN 000 312 685

Directors' Report - 30 June 2007

Review of operations and results:

Refer to the media release.

Directors' details:

The following directors held office during the 12 months to 30 June 2007 and are directors at the date of this report.

Name		Date of Initial Appointment
John Palmer	Chairman (Non Executive, Independent)	29 November 2001
Roger France	Deputy Chairman (Non Executive, Independent)	4 October 2001
Dr Jim Fox	(Non Executive, Independent)	21 November 2006
Warren Larsen	(Non Executive, Independent)	27 February 2002
John McDonald	(Non Executive, Independent)	27 February 2002
Jane Freeman	(Non Executive, Independent)	27 February 2002
Ken Douglas	(Non Executive, Independent)	27 February 2002

At the Annual Meeting held on 25 October 2006, the following directors retired by rotation in accordance with the Company's Constitution and were re-elected to the Board:

Sir Ron Carter

Warren Larsen

Sir Ron Carter subsequently retired from the Board of Directors on 31 March 2007.

Dated 28 August 2007

John Palmer

Chairman